Comments by Management on staff Submissions to Wanchin, 1964

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APPENDIX 1B1

NOTE BY MANAGEMENT ON THE CLAIMS SUBMITTED BY
THE STAFF SIDE OF THE CENTRAL JOINT COUNCIL
FOR WAGES AND SALARY INCREASES

A. (i) Statement of Unions' Claims and Reasons for its TIMING:

(ii) Points to be clarified in Unions' Claims:

B. Statement on the Kenya Government Action in Implementing the Pratt Report and on the Possibility of Similar Action being taken by E.A.C.S.O. General Fund Services and the E.A.P. & T. Administration:

C. Statement of Cost of meeting Unions' Claims and/or of Granting other Increases:

D. What can the E.A.R. & H. afford?
A Statement on the E.A.R. & H. General Financial Position:

E. The Position under the E.A.R. & H. Act assuming an increase in Expenditure is to be occasioned by raising wages and salaries in the current year:

F. Steps which might be taken to reduce Expenditure and/or increase Revenue so as to offset any Increase in Expenditure occasioned by raising Wages and Salaries at this time:

G. Some General Observations:

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A. (i) Statement of the Unions' Claims and Reasons for its Timing:

As Management understands the position the Unions are claiming:

One - For subordinate employees. A minimum Wage of Shs.250/- per month applicable throughout the E.A.R. & H.

Two - For graded employees. A return to the Flemming scales of salary where these are more favourable than the Harres scales, retaining the Harres scales where these are more favourable than Flemming.

One, is an old standing claim. Two, dates from last year and a Table submitted by the Unions setting out the details of the claim is given at Appendix 'A'. The Claims have been brought forward at this time because the standstill imposed by Sessional Paper No.2 of 1963 implementing the Harres Commission Report ceased on the 1st July, 1964. The Kenya Government action in introducing revised wages and salaries for Government employees following the Pratt Report is incidental to the claims now made. The Unions point out, however, that their members know of these revised Kenya Government wages and salaries and are anxious to know what adjustments are to be made for them.

(ii) Points to be Clarified in Unions' Claims:

As Management sees it the following points, among others, will require to be clarified in respect of the claims now lodged:

One - For subordinate employees. Should there be one minimum wage without distinction between urban and rural employees? Should E.A.R. & H. wages move when the wages of any one Government move or be tied in any way to any of the Governments? What consequential adjustments in wages, if any, do the Unions have in mind? Do the Unions inticipate a yearly claim followed by a yearly rise in the minimum wage? Are the Unions prepared to give more than lip service to the need to effect economies and improve productivity?

Two - For graded employees. One year is a very short time in which to try out new salary scales: subject to minor adjustments would not five years be almost a minimum period? Do the Unions recognise that in the lower and middle scales the present E.A.R. & H./Harres salaries compare favourably with similar levels in all three Governments?

B. Statement on the Kenya Government Action in Implementing the Pratt Report and on the Possibility of Similar Action being taken by E.A.C.S.O. General Fund Services and the E.A.P. & T. Administration

The decision of the Kenya Government to introduce minimum wage for the Government subordinate service as published in its "Revised Conditions of Service for Kenya Civil Service" has departed markedly from statutory minima throughout East Africa. The following are the new rates of pay for Government employees workin g in the major to townships and all other places in Kenya as at 23rd July, 1964. The rates have been applied retrospectively since the 1st April, 1964.

	Shs. per month
Nairobi Municipality	200/-
Mombasa Island	200/-
Eldoret Municipality	191/-
Kitale Municipality	190/-
Kisumu Municipality	190/-
Thika Municipality	187/-
Nakuru Municipality	186/-
The former Nanyuki Township	185/-
" " Nyeri Township	185/-
" " Kericho Township	180/-
" " Machakos Tonwhip	172/-
" " Naivasha Town-ship	170/-
" " Thomson's Falls Township	166/-
All other places	120/-

It must be noted that the statutory minimum wage in Nairobi and Mombasa is only Shs.115/- for adult males and Shs.79/- for others. In all other places throughout Kenya it is Shs.109/- for adult males and Shs.79/- for others. The new figures announced by the Government in implementation of the Pratt Report far exceed the statutory minimun wages now obtaining all over the country.

In Tanganyika the statutory minimun wage in Dar es Salaam and Tanga is Shs.125/-; whereas in Arusha, Bukoba, Dodoma, Iringa, Kigoma, Korogwe, Lindi, Mbeya, Morogoro, Moshi, Mtwara and Mwanza it is Shs.105/-. In the rural areas it is Shs.100/- for adult males and Shs.66/30 for others.

In Uganda statutory minima range between Shs.120/- in townships such as Kampala, Entebbe and Port Bell; and Shs.84/50 in Butiaba, Masindi, Arua, Gulu and Lira.

Against this background, the Railways pays its employees in the rural areas Shs.130/- per month plus free housing or Shs.20/- housing allowance, whereas the Kenya Government pays only Shs.120/- p.m. plus free housing. In Nairobi and Mombasa the Railways pays a minimum wage of Shs.179/50 including housing allowance, which is well above the statutory minimum of Shs.150/- inclusive of housing. In Dar es Salaam and Tanga the Railways pays Shs.167/50 (inclusive of housing allowance), again well in excess of the statutory minimum. In Kampala and Jinja the Railways pays a minimum wage of Shs.167/50 p.m. and Shs.157/50 p.m. respectively, including housing allowance, again well in excess of the statutory minima in those places.

It is not yet known what the E.A.C.S.O. General Fund Services and the E.A.P. & T. Administration propose to do about the implementation of the Pratt Report.

C. STATEMENT OF THE COST OF MEETING THE UNIONS' CLAIMS AND/OR OF GRANTING OTHER INCREASES

The magnitude of the cost with which the E.A.R. & H. would be faced in the event of an award of Shs.250/- per month throughout the E.A.R. & H. (the Unions' minimum wage claim) would be £1,462,285 per annum. This figure is exclusive of any consequential adjustments to salaries above the minimum and is also exclusive of pro rata increases in house allowance and gratuity payments. These latter increases would cost approximately 10% of the total making another £146,000 per annum.

A graduated table of increases and costs up to the Unions' minimum wage claim is given below.

(Note:- All figures exclusive of housing which is free.)

Present Minimum	Increase	Proposed Minimum	Additional Salary Cost to E.A.R.& H.*
Shs.p.m.	Shs.p.m.	Shs.p.m.	£ p.a.
130/-	10/-	140/-	84,643
	15/-	145/-	135,147
	20/-	150/-	186,509
	30/-	160/-	290,590
	40/-	170/-	401,130
	50/-	180/-	493,546
	60/-	190/-	615,554
	70/-	200/-	774,260
	80/-	210/-	895,988
	100/-	230/-	1,235,286
	120/-	250/-	1,462,285

* 10% should be added to these figures to cover pro rata increases to house allowance and gratuity payments. House allowance is paid where free housing is not available.

D. WHAT CAN THE E.A.R. & H. AFFORD?

A STATEMENT ON THE E.A.R. & H. GENERAL FINANCIAL POSITION

Before considering the steps, if any, to be taken under 'C' it is essential that we should see whether we are going to be able to afford these steps.

(i) E.A.R. & H. operating in deficit

Accumulative deficit at end of 1963	=	£487,000
Estimated accumulated deficit at end of 1964	=	£1,432,000*
Estimated accumulated deficit at end of 1965	=	£1,642,000*

(* Note:- These figures anticipate the 1964 Revised and the 1965 Estimates but, unfortunately, they are reasonably accurate as seen at present.)

The increase in the deficit in 1964 is due to reduced revenue and increased expenditure. Revenue is not something over which the E.A.R. & H. has much con trol: given adequate service on our part and not too big an in crease in road competition - and both these factors apply - it largely reflects the level of agriculatural, commercial and industrial activity in the three countries. The increase in expenditure has been mostly due to a full year's application of the Harres Commission Report giving increases to wages staff and to lower graded staff; also to measures related to Africanization, in particular the exceptional number of premature retirements of non-designated non-African staff of whom altogether some 1,250 have left the Service this year.

The main adverse affects of the deficit are briefly as follows:-

It reduces E.A.R. & H. ability to pay higher wages;

it reduces E.A.R. & H. ability to carry out new and additional works and also to buy essential equipment;

it reduces credit worthiness which, in turn, affects ability to borrow for development purposes;

both these immediately mentioned factors in turn reduce capacity to give further employment;

ultimately if allowed to proceed too far the deficit will result in the E.A.R. & H. being unable to honour its statutory obligations for the payment of interest charges and the meeting of loan redemption requirements;

at this stage the E.A.R. & H. will become a burden on the excequers of all three East African coun tries.

This is not fanciful conjecture. It has happened in other countries which are suffering sadly as a result and it is the way the E.A.R. & H. is heading unless the major components of working

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expenditure can be controlled.

By far the largest component of all the working expenditure is staff wages and emoluments. In 1963 this cost £1¼m. out of a total of ordinary working expenditure, excluding renewals, of £2¼m.* In a covering note to the Estimates of Revenue and Expenditure in 1964 the General Manager wrote last year as follows:-

> "Turning to the trend for expenditure to increase - a trend which invevitably reduces the margin of net revenue for Betterment and other purposes - as already indicated this is occurring mainly because of continual upward adjustments to wages in the lower brackets. Since 1960 the E.A.R.& H. minimum wages have increased by 67 per cent. The E.A.R. & H. endorses a policy of increasing wages at the lowest levels but considers that if it is taken too far at the expense of other considerations, for example the need to make money available for essential improvements and development, it carries inevitably the seeds of self-destruction. As stated last year this is a problem which does not rest solely with the management of the E.A.R. & H., but is one which all Governments must face over a wider field, having regard not merely to the interests of the relatively small numbers who work within the cash economy but also to the needs of the twenty five million people of East Africa."

This is still essentially the problem.

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* other main components are stores, fuel, water, rates, telecommunications, watch and ward, printing and statinery, uniforms, medical services, advertising, damage, loss and accidents, etc. etc. It is a regrettable fact that costs for damage, loss and accidents are increasing rapidly pari passu with Africanization; this is a matter of the E.A.R. & H. at heart (as well as the interests of their members), could help Management with constructive propaganda and other action.

(ii) E.A.R. & H. operating on an overdraft

Another and adverse factor to be taken into account, which is relatsd to the position outlined above, is the fact that the E.A.R. & H. is having to finance its day to day operation with the help of an overdraft from the Joint Consolidated Fund. The amount of this overdraft is currently of the order of £1m. and is likely to increase to £1¼m. by the end of 1964. The need for this overdraft has largely arisen because the E.A.R. & H. has had to use all its cash balances for the financing of essential development/equipment pending the raising of loans. Fuller reference will be made to this matter in the next section. In the meantime the points to be noted are, first, that the money being made availbale to the E.A.R. & H. on overdraft - the

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interest on which is costing the E.A.R. & H. another £50,000 a year - is on short call, which means that the E.A.R. & H. might have to find up to £1m. in cash at any time within 30 days. Although this is unlikely to happen, it could happen, and it would mean the need for drastic action in several directions. Among the possible steps to be taken would be the suspen sion of all works currently in progress and the laying off of a maximum number of staff. The second point to be noted is that an increase in wages and salaries would almost certainly mean the need to increase the overdraft and even if this should be possible - and it may not be - it is highly undesirable for reasons of increased cost, insecurity, adverse reflection on creditworthiness, etc.

(iii) The shortage of cash and the use of all available liquid funds on expenditure pending the raising of loans

The 1963 Balance Sheet shows that £12,652,267 of Renewals Fund money is tied up in expenditure pending the raising of loans. The need for this has been dealt with in various Budget speeches and Annual Reports over the years. Briefly it is the outcome of an acute shortage of loan money becoming available to the E.A.R. & H. since 1957. (Equally the East African Governments have had similar difficulties over the same period.) Between 1950 - 57 the E.A.R. & H. obtained some £56m. of loan money. Between 1958 and now it has had just over £5m. (2.5m. Exchequer Loan, £2.05m. E.C.G.D. loan and £0.8m. Kreditanstalt loan). Rather than slow down capital works and development spread all over East Africa the E.A.R. & H. has poloughed back every possible penny into essential projects, but this has meant exhaustion of all liquid funds, particularly the Renewals fund, and the shortage of cash to which reference is made in (ii).

It may be asked why we don't raise more loans and to this reference is now made.

(iv) The need to raise more loans : application to I.B.R.D.

Since the E.A.R. & H. came under new political Authority in December 1961 the E.A.R. & H. has managed to raise two small loans, one of £800,000 from the West German Government towards the cost of constructing the Mikumi/Kidatu line (total estimated cost £1.15m.) and one of £2.05m. from the British Government towards the cost of diesel locomotives and wagon ferries for use on Lake Victoria. A comprehensive application has also been made to the World Bank to help with major renewals and additions to rolling stock which will be essential over the next few years and it is hoped that any loan received from this source will be substantial (of the order of £6m.+). In addition and in parallel the possibility of loan aid from other countries interested in meeting the E.A.R. & H.'s requirements is being actively pursued.

The obtaining of a loan from the World Bank or other sources should ease, to some extent, the liquid cash position but three points are to be noted. First, any new loan will be for works and/or equipment and will not be for putting up wages and salaries. Second, the new loans will have to be serviced and repaid so making an additional claim on net revenue. And, third, any lending authority, in particular the World Bank, will wish to be sure that the E.A.R. & H. is being properly run and maintained; that it is balancing its budget and will continue to do so. Any further increase in operating expenditure which would increase the present deficit would immediately raise doubts as to

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the soundness of the undertaking and could result in the World Bank (or other loan authorities) deciding against making a loan.

(v) Other Financial Problems

The problems facing Management on the financial side do not end with trying to balance the budget, the current shortage of cash and the need to raise more loans: Management has two other financial problems of a major and intractible nature of which it must not lose sight. One, is the need to redeem or re-finance £28¼m. of loan money in the period 1968-71. Towards this amount Management would expect to make available some £12m. from statutory and supplementary Sinking Funds, but this still leaves some £16m. to redeem or convert. Further redemption would require more money to be made available from net revenue to increase supplementary Sinking Funds provision; but there is little likelihood of getting more money while we operate in deficit to the extent anticipated in 1964/65 and any increase in expenditure obviously makes the possibility of any saving more and more unlikely. As to conversion to other loans we just will not be able to do this at any reasonable rate of interest unless we are out of deficit and operating on a sound and business like basis. The raising of operating expenditure in the present state of our finances without a corresponding or greater increase in revenue could not be regarded as sound and business like.

The other major financial problem which is causing Management concern at the present time is the sharp run down in the pension provisions occasioned by the need to retire staff prematurely in the interests of Africanization. Here again there is need for supplementary allocation to these reserves but for the reasons already given there would seem little hope of making adequate provision.

E. THE POSITION UNDER THE E.A.R. & H. ACT ASSUMING AN INCREASE IN EXPENDITURE IS TO BE OCCASIONED BY RAISING WAGES AND SALARIES IN THE CURRENT YEAR.

The position outlined in C(i), (ii), (iii), (iv) and (v) indicates that the E.A.R. & H. cannot afford, at present levels of revenue and expenditure, to make any increase in wages and salaries. It is to be noted, however, in addition that there is no provision in the Estimates of Revenue and Expenditure for 1964, as approved by Central Legislslative Assembly, for expenditure on increases in wages and salaries and there are currently no savings agains which such increases could be offset.

Management must abide by the Act. In this matter of incurring expenditure Section 23 of the Act applies and it reas as follows -

"8. Section 23 of the principal Act is hereby repealed and replaced by the following -

"Estimates to be on non-profit earning basis.

23.(1) The estimates shall be framed on a non-profit earnin g basis, that is to say, on the basis that the total earnings of the Administration shall not be more than sufficient to meet -

(a) the necessary outlays for the working and maintenance of the Administration;

(b) any sums payable by the General Manager in respect of the operations of the Administration under any order of any court;

(c) such contributions towards the expenses of the Organization, the Assembly, and officers in the service of the Organizetion, as may be determined;

(d) proper provision for the renewal of wasting assets;

(e) interest and sinking fund charges due on capital, not being capital contributed out of the revenue of the Administration;

(f) contributions to such reserve funds as are approved by the Authority;

(g) contributions to such betterment fund s as may be approved by the Authority.

(2) Estimates of receipts and of expenditure on revenue and net revenue accounts, and from betterment, renewal or other funds established by contributions from revenue and from loan funds, shall be prepared by the General Manager before the commencement of the financial year in which the expenditure is to be incurred, and supplementary estimates shall be prepared from time to time as may be necessary; and all such estimates shall be submitted to the Authority for consideration.

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(3) The Authority shall cause such estimates, with such amendments, if any, as it may think fit, to be submitted to the Assembly, and the Assembly may by resolution approve or disapprove thereof or adopt modifications thereto; and the resolution of the Assembly approving of such estimates, with or without modification, shall be sufficient authority for the expenditure of the sums contained in such estimates.

(4) Subject to such directions as may be given by the Authority, the General Manager may, pending the approval of the Assembly, authorize expenditure in Excess of the provision under individual heads of the estimates if such expenditure is covered by savings under other heads".

Sub-para (4) applies in this case. It means bluntly that reference to the authority and to the Central Legislative Assembly is necessary before any action can be taken to authorise expenditure in excess of the current provision; and an increase in wages and salaries in the current year, as claimed by the Unions, would come under this head. It is therefore necessary for the Ministerial Communications Committee (Railways & Harbours) to deal with this matter - as has been indicated by the Committee to the Unions' representatives at Dar es Salaam on the 22nd August, 1964 - unless the Unions will accept the view of Management, already indicated, that no awards can be made.

F. STEPS WHICH MIGHT BE TAKEN TO REDUCE EXPENDITURE AND/OR INCREASE REVENUE SO AS TO OFFSET ANY INCREASE IN EXPENDITURE OCCASIONED BY RAISING WAGES AND SALARIES AT THIS TIME

Assuming the matter is referred to the Ministerial Communications Committee (Railways & Harbours) as indicated in E it may be that they will consider that because the Kenya Government has raised its wages substantially to all Government subordinate employees and because there may be some increase in wages to all similar General Fund Services and E.A.P. & I. Administration employees, the E.A.R. & H. cannot stand apart.

If this happens some or all of the following steps will have to be taken unless the E.A.R. & H. is to be allowed to slide into a financial morass to the detriment of all the Governments and peoples of East Africa.

(i) There is still an element of redundancy in employment. All redundant labour must be paid off and every effort must be made to improve the productivity per employee on all fronts.

(ii) There will have to be a slowing down or even cessation of all works and activities which are not revenue earning or essential to safe operation, e.g. the building of new or the improving of old housing and the provision of welfare activities.

(iii) A new Railway Triff nas just been approved for introduction from the 1st January, 1965. The object of this triff is not to increase charges to the public overall, but to obtain better use of assets and so give better and more economical service. There is room for selective increases in some charges and these should be reviewed and implemented.

(iv) There is a limit to which railway rates can be raised without making them very vulnerable to road transport competition. This means that the action open to the E.A.R. & H. under (iii) is likewise limited. Management feels, therefore, that it may be necessary for the E.A.R. & H. to use its monopoly position at the ports to impose a cess on all import/export traffic to meet the additional cost of increased wages.

STENOGRAPHERS, TELEPHONISTS AND PERSONAL SECRETARIES:

Grade	£ p.a.
Personal Secretary I	1095 1056 1017
Personal Secretary II	984 945 906 867
Telephonist I Stenographer I	831 801 801 771 741 711
Telephonist II Stenographer II	666 642 618 594
Stenographer III	546 528 507 486 465
Stenographer IV Telephonist III	420 405 390 375 360

G. SOME GENERAL OBSERVATIONS.

(a) There is need for the E.A.R. & H. to be recognised to stand apart from Governments, etc. in the matter of wages/salaries. The E.A.R. & H. should conform with any national wages policy laid down as such but in the absence of such policy must not be expected always to pay as much as the Government paying the highest wages at any one time, e.g. Tanganyika has paid the highest up till now and the E.A.R. & H. has had to pay these wages not only in Tanganyika but also in Kenya and Uganda; now Kenya is to pay the highest wages and the suggestion seems to be the E.A.R. & H. should conform not only in Kenya but also in Tanganyika and Uganda.

(b) E.A.R. & H. wages and salaries are already higher than those pertaining on India Railways for similar work done and also in certain other Far Eastern countries, which countries have a higher average per capita income than East Africa.

(c) E.A.R. & H. wages and salaries are already, for similar work done, higher than those pertaining in agricultural and some other important sectors of the East African economy.

(d) The drift towards progressively higher wages and salaries without regard to whether the economy of East Africa can afford it, is at the best inflationary and could have far more serious consequences.

(e) The social and political dangers of too great disparities between high salaried staff and others less fortunate must be recognised.

GENERAL GROUP:

Grade	£ p.a.
Senior Executive A	1551
	1494
Senior Executive B	1437
	1380
	1326
Senior Executive C	1275
	1224
Executive I	1179
	1104
	1065
	1026
Executive II	966
	936
	906
	875
I	186
	786
	756
	726
II	681
	657
	633
	609
III	573
	549
	525
	501
	480
	459
	438
	417
IV	396
	366
	342
	318
	306
	294
V	270
	258
	246
	234
	222
VI	198
	186
	174
	162
	150

CADETS:

	927
	888
	849
	810
	771
	732

DRIVERS AND SHUNTERS:

Grade	£ p.a.
II	777
	753
	729
	705
	669
	645
	621
	597
III	576
	553
	534
	513
	492
IV	429
	414
	399
	386
	369
V	347
	332
	317
	302
	297
	267
	261
	249
	225

GUARDS AND T.T.E.:

Grade	£ p.a.
III	525
	504
	483
	462
	441
V	332
	307
	292
	277
	267
	261
	249
	225

TRAINEES:

Grade	£ p.a.	Grade	£ p.a.
I	498	IIB	270
	486		258
	474		246
	462		234
	450		222
	438		210
IIA	342	III	141
	330		135
	318		129
	306		123
	294		117

APPENDIX 'C'

COMMENTS BY THE STAFF SIDE ON NOTE BY MANAGEMENT ON THE CLAIMS SUBMITTED BY THE STAFF SIDE OF THE CENTRAL JOINT COUNCIL FOR WAGES AND

The Staff side maintain that there should not be distinction between urban and rural:-

(a) It is just as expensive in rural as it is in urban areas, for instance, a man in rural areas has to send his children to schools which in most cases are far from where he lives, Also school fees boarding charges, transport etc.

(b) The policy of equal work for equal pay should apply, as trade Unionist we would hate to see past discrimination perpetuated.

(c) One national minima will simplify the scales.

(d) Higher wage scales in town cause an infux to towns by rural employees thus resulting in social problems such as housing, uneployment, family troubles, breakway etc.

The question of tying up E.A.R.& H. wage scales with any one of the Territorial Governments does not arise, for it is recognised that minimum wages in East Africa are too low.

In the absence of any offer of minimum wage by Management, we find it impossible at the moment to propose how consequential adjustments in wages could be made.

We do not understand Management's question as to how we are going to gauge our wage claims in future. It must be pointed out that as Union leaders we are merely spokesmen of members and any time aresulution is moved we must abide by it. Furthermore, there are some factors which precipitate such claims.

Management's inference that any Unions have been paying lip service to effect economies and improve productivity cannot be accepted by us because we have never been taken into confidence whenever Management contemplates to effect economies and improve productivity, despite Unions efforts in the Central Joint Council for consultative and productivity Committees to be formed.

(1) In this paragraph Management has made reference to minor adjustments in the scales. May we be told what these adjustments are?

(2) In the normal circumstances, when a change for the better has been made the revised scales would exist for a longer period but in this case a backward step was taken and the Harres scales were never negotiated and accepted. Minutes of 4th Meeting of the Central Joint Council refers. All the salaries Commissions in the past recommended that salary scales in E.A.R.&H. could not be made identical to the scales recommended to Territorial Governments in view of the diversity of the nature of work done by the railway employees as compared with their counterparts in the Government Service.

B.
(a) The move taken by the Government of Kenya is a bold one - a good step towards a better direction, in that, the Government of Kenya has recognised the existence of very low minimum wages in East Africa for a considerable period. It must be noted that a claim of Shs.250/- per month has been outstanding for a considerable time.

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(b) Statutory minimum wages, are fixed by the Governments to safeguard unorganised workers from being exploited by individual and small scale employers. Therefore, the comparison of the Railway minimum wage with the statutory minimum wage is out of place.

(c) In the absence of any figures showing the breakdown of Group NC employees at various points throughout the NC scales, we are not able to comment whether or not financial cost shown by Management is accurate.

(D) Management's arguments that E.A.R. & H. is operating under deficit is not new to us. They have used same argument for nearly one decade. It is noted that the major factor toward the deficit of £1.4m at the end of 1964 is the mass exodus of non-designated non-African staff, who had to be paid the advances of pension commutation, advance leave salaries and the passages. This expenditure is non-recurrent and would obviously result in saving in future.

Apart from the above statement, the E.A.R. & H. has to pay a large sum in respect of 50% of designated officers compensation, the last instalment of which is payable at the end of the year (1966).

The figures whown in 'D' are fictitious and are designed to mislead the Ministerial Communications Committee and staff side in the Central Joint Council. Because they contradict the position as shown in the E.A.R. & H. 1964 estimates paragraph 15.

A further contradiction appears in this paper i.e. that the increase in expenditure is due to application of the Harres Commission report whereas the General Manager in his statement in the 1964 estimates states that the adjustments in salaries, following Harres Commission Report should begin to show savings when fully implemented (paragraph 20, page 2 of Estimates refers). This further supports our assumption that the estimated deificit of £1.4m has been magnified out of all proportions.

Turning to the General Manager's statement in the 1964 estimates we find it difficult to understand how an increase in wages to the railway staff would adversely effect the needs of 25 million people of East Africa. The only people likely to be affected are the big farmers of cash crops whose profits have been swelling year after year and who have not made any sacrifices, such as the railwaymen have made upto now and are still being asked to make.

We strongly refute this allegation in the light of the following:-

(1) General Manager's statement.

(2) The expenditure shown in the estimates under compensation "accidents and losses" shows a decrease of £16,500 as compared to 1963.

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EAR&H: Note by Management on the Claims Submitted by the Staff Side of the Central Joint Council for Wages & Salary Increases. 1964. MS Papers of African Trade Unions: East African Railways and Harbours (EAR&H) Box 1 B5. Nuffield College Library, Oxford University. Decolonization: Politics and Independence in Former Colonial and Commonwealth Territories, link.gale.com/apps/doc/TELVYS154263671/DPIT?u=webdemo&sid=bookmark-DPIT&xid=666a4e0c&pg=1. Accessed 4 Dec. 2022.